**Annotate carefully**. Think about these questions as you read: What is the mainspring of human progress? (A mainspring is the main spring that makes a watch work [old technology watch before the digital age]). What is it that drives progress? How do you define progress?

“Robber Barons or Captains of Industry?” by T. J. Stiles [excerpt]

[The term “robber baron,” became a] *metaphor* in American journalism. It has become an enduring description of the industrial *moguls* of the nineteenth century. It *conjures* up visions of titanic monopolists who crushed competitors, rigged markets, and corrupted government. In their greed and power, legend has it, they held *sway* over a helpless democracy.

[At the end of the 19th century (the 1800s)]…the first truly large enterprises began to emerge. The rise of big business reshaped not only the economy, but politics and culture as well.

A few key individuals [Vanderbilt, Rockefeller, Carnegie, Morgan] played a leading role in this process. Condemned as robber barons or praised as captains of industry, they helped to invent the giant corporation and became the focus of the modern debate over opportunity and equality, over the power of private enterprise and the role of government regulation.

The life of Cornelius Vanderbilt offers a convenient guide to both the impact of these titans and the controversy that surrounded them. His career lasted through most of the nineteenth century. Born during the presidency of George Washington, he lived long enough to interact with John D. Rockefeller, Andrew Carnegie and J. P. Morgan.

With relatively few banks and only infant financial markets, the economy was ruled by unspecialized general merchants [rich business people]. In keeping with the eighteenth-century belief in a natural social hierarchy [Social Darwinism], a few *patrician*, land-owning families provided leadership in all areas of public life—politics, business, and society. [This was about to change in the modern era.]

Everywhere Vanderbilt went, he was feared as the most effective competitor, one who either destroyed his enemies or extracted a *ransom* in return for leaving a market….When the California Gold Rush began, Vanderbilt abruptly left the regional transportation market around New York and competed in this oceangoing steamship business. …He built steamships to run on both the Atlantic and Pacific, which connected via a transit route across Nicaragua.…These steamship lines gave Americans a glimpse of the future of big business.

Vanderbilt and others …became household names in the 1850s. …the steamship lines were soon eclipsed by the transcontinental railroads—the first being completed in 1869. And the railroads, broadly speaking, far surpassed shipping as true examples of big business…. In 1863, amid the turmoil of the Civil War, Vanderbilt began to sell off his steamship interests in order to buy large amounts of railroad stock. He became foremost among the railroad developers.

In some respects, Vanderbilt became the greatest railroad tycoon of his era almost by accident.  At the age of 69, he simply wished to show that he could turn a nearly bankrupt railroad into a thriving company. But the fragmented nature of the railroad system—a vast net of small lines, each built to serve a local community rather than a national network—led to one conflict after another. In each case, he would pursue diplomacy with a connecting line, seeking an amicable agreement; the attempt would fail, a business conflict would ensue, and Vanderbilt would triumph, ending the war by purchasing control of the neighboring railway. As one of the most successful businessmen during this transformation, he attained disproportionate wealth and influence.…

Ownership of companies began to change. Investors could now buy shares in a corporation. This new corporate structure [stock companies] was not dependent upon individuals who actually ran the companies day to day. Control could now be exercised by powerful shareholders outside of the company.

As the “Railroad King”…Vanderbilt took a series of dramatic steps that reshaped the railroad industry. He consolidated smaller lines into some of the first giant corporations in American history—*capitalized* at levels that dwarfed entire industries at the time….He rationalized the organization of his companies, and brought in professional managers. He introduced new efficiency into the nation’s transportation system, lowering costs and building key new infrastructure.

As the nation’s first big business, railroads occupied the center of the economy, a driver of demand and shaper of strategic interests of other enterprises that gave rise to the classic captains of industry. In Cleveland in the 1860s, a pious young bookkeeper named John D. Rockefeller and his partner formed a petroleum-refining business. Using some of Vanderbilt’s competitive tactics—driving down prices and buying out competitors—they began to dominate the young oil industry. Relations with railroads, which shipped oil, were a primary concern. Rockefeller worked closely with Vanderbilt to maintain healthy relations and obtain *preferential* rates.

Railroads were even more central to Andrew Carnegie’s career. A famously penniless immigrant from Scotland,...Carnegie got his start as an entrepreneur with a series of enterprises that fed the Pennsylvania Railroad’s *voracious* demands, from sleeping cars to bridges to iron.

J. P. Morgan, too, rose with the railroads. Born into a banking family, he spent much of his career as a banker to the railways, serving as advisor, organizer, and financial agent. Throughout the nineteenth century, railroads continued to be the most capital-intensive (and thus most capital-hungry) companies in America, so the great financial houses were largely devoted to serving their needs. Morgan helped to reorganize and rationalize burgeoning industries, restructuring railroads to end destructive competition and fostering such giants as General Electric [Edison] and US Steel [Carnegie]. He helped to move big business out of the age of the pioneering titans and into an era of institutionalization [corporations].

Vanderbilt, Carnegie, Rockefeller, and others are often remembered as monopolists, yet they radically lowered prices [Same as Sam Walton]. As early entrants into their markets, they fought their way through chaotic competition by strictly controlling costs and increasing efficiency at every step. By making transportation, steel, and oil far cheaper and more widely available, they contributed to the rapid growth of the American economy, and the creation of tremendous wealth [for others, as well as themselves].

Not everyone was happy with these developments. The rise of large companies also gave rise to a new class of lifelong wage workers (by contrast with earlier generations, which had anticipated owning their farms or shops). Unionization and strikes increased rapidly after the Civil War. Starting in the 1870s, workers demanded laws to limit the workday to eight hours. [Knights of Labor, AFL, IWW]

Farmers, too, felt helpless before the railroads—“the greatest and most powerful monopoly on the face of the earth.” Cheaper transportation integrated the national marketplace, putting farmers in distant regions into direct competition with each other. And railroads gave discounts to large, long-distance shippers; farmers who sent their harvest and livestock over short distances to local markets resented paying a higher rate per mile.

As with [urban] workers’ demands for eight-hour laws, *agrarian* [farm] radicals wanted government action. [One speaker said,] “We hold that a state cannot create a corporation that it cannot thereafter control.” …This call for public regulation, even ownership, marks a major shift in politics. Gone were the days when Jacksonian radicals wanted the government to stay out of the economy, to allow individuals to rise on their merits. Now those on the left embraced government intervention as a means of countering the new power of large corporations, which towered over the economy as no businesses had before the Civil War.

It took decades for this kind of regulation—especially federal regulation—to emerge. Yet even before the death of Cornelius Vanderbilt in January 1877, the modern *argument over private enterprise and the role of government had clearly emerged*.

“Wealth” by Andrew Carnegie, North American Review (1889)

“This, then, is held to be the duty of the man of wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; … and, after doing so, to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer… to produce the most beneficial results for the community—the man of wealth thus becoming the mere trustee and agent for his poorer brethren, bringing to their service his superior wisdom, experience and ability to administer, doing for them better than they would or could do for themselves.

Individualism will continue, but the millionaire will be but a trustee for the poor; … administering [wealth] for the community far better than it could or would have done for itself. … the man who dies leaving behind him millions of available wealth, which was his to administer during life, will pass away "unwept, unhonored, and unsung… Of such as these the public verdict will then be: "The man who dies thus rich dies disgraced."

“Child Labor in New York City Tenements” by Mary Van Kleeck, 1908

The following brief report gives the results of a joint investigation made during the months from October, 1906, to April, 1907, into the labor of children in manufacture in tenement houses in New York City. …

In the most thickly populated districts of New York City... little children are often seen on the streets carrying large bundles of unfinished garments, or boxes containing materials for making artificial flowers. This work is given out by manufacturers or contractors to be finished in tenement homes, *where the labor of children of any age may be utilized*. For the laws of New York state, prohibiting the employment of children under fourteen years of age in factories, stores, or other specified work-places, have never been extended to home workrooms. …

That the law in New York state does not protect more effectively these child workers in tenement homes, is due not to a lack of opposition to premature employment of children, but to the impossibility of dealing with the problem merely as a child labor question apart from deep-rooted evils essential to the "sweating system," of which home work is an important part. The evils of the system,-*intense competition among unskilled workers in a crowded district*, *low wages, unrestricted hours of work, irregularity of employment, and utilization of child labor,-are the very conditions which make the system possible and profitable to the employer*. Any effective attempt to improve conditions must therefore be an attack upon the sweating system. The manufacturer or contractor, whose employees work in their home, escapes responsibility entailed by the presence of workers in his factory. *He saves costs* of rent, heat, and light; avoids the necessity of keeping the force together and giving them regular employment when work is slack. And by turning the workers' homes into branches of the factory, he *escapes in them the necessity of observing the factory laws.* Instead of the manifold restrictions which apply to employees working in the factory, he is here responsible only for keeping a list of his home workers and he may not send any goods, which are named in the home work law into a tenement which has not been licensed. …

On the top floor of a licensed house on Sullivan street two children, Angelina aged eleven years, and Katharine aged eight years, were at work helping an older sister make roses at eight cents a gross. The apartment was clean and light and the family prosperous, with an income of at least $20 a week from sources other than home work… So small was the pay for flowers that she forced her two younger sisters to work steadily *after school hours* until eight o'clock at night, in order that together they might earn eighty cents a day, the wages paid for making, counting and bunching 1,440 small roses. At the neighboring school it was found that both Angelina and Katherine attended regularly, but that their marks in "proficiency" were lower than their marks in "effort and deportment." Of Katharine, the younger, the teacher said, "The child is very sleepy during school hours." Yet the children were obeying the compulsory education law, and their work was done in a clean house where the required framed license hung in the hallway. No statute was therefore violated by their employment. …

Define “progress”:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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Define “human progress”:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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What is the “mainspring” of human progress? Which *people* move society forward?

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What *forces* move society forward?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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Comment on Carnegie’s piece on wealth.

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Cite, and write about, one piece of literature (any genre whatever, and any time) that gives insight into what might be the “mainspring of human progress.” Please be prepared to share this with the seminar group.

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